

# HOUSE BILL No. 1501

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** None (noncode).

**Synopsis:** Health care projects. Requires the office of Medicaid policy and planning (office) to establish a demonstration project for a health care management program similar to that of the federal Quality Enhancement Research Initiative for Medicaid recipients. Requires the office and the health and hospital corporation of Marion County (corporation) to study the impact of the program, and requires the office to apply for an amendment to the state Medicaid plan or a demonstration waiver to implement the program. Requires the office to work with the corporation to develop a pilot project for small employers to obtain health care coverage for employees. Prohibits application of certain insurance contract clauses to the corporation by insurers if health coverage meeting certain requirements is made available to small employer groups through the pilot project. Requires the office to apply for any applicable demonstration waiver.

**Effective:** Upon passage.

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January 23, 2007, read first time and referred to Committee on Public Health.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1501

A BILL FOR AN ACT concerning human services.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. [EFFECTIVE UPON PASSAGE] (a) As used in this  
2       SECTION, "corporation" refers to the health and hospital  
3       corporation of Marion County.

4       (b) As used in this SECTION, "office" refers to the office of  
5       Medicaid policy and planning established by IC 12-8-6-1.

6       (c) As used in this SECTION, "program" refers to the health  
7       care management program established under subsection (d).

8       (d) Before June 1, 2007, the office shall establish a  
9       demonstration project for a health care management program to  
10      allow the office to do the following:

11       (1) Require a certain percentage of Medicaid recipients who  
12       reside in Marion County to receive Medicaid services  
13       provided by the corporation, including any clinic operated by  
14       the corporation. The percentage of recipients must be large  
15       enough to obtain meaningful data to guide the establishment  
16       and implementation of the program under subdivision (2).

17       (2) Require the corporation to establish and implement a  
18       program of health care management applying to all Medicaid



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recipients in Indiana and modeled after the United States Department of Veterans Affairs Quality Enhancement Research Initiative.

(3) Include in the program payment incentives for:

(A) health care providers; and

(B) administrators;

of the corporation to reward the achievement of objectives established for the program.

(e) The office and the corporation shall study the impact of implementing the program under subsection (d)(2), including the impact the program has on the:

(1) quality; and

(2) cost;

of health care provided to Medicaid recipients in Indiana.

(f) The office shall consult with the Regenstrief Institute for Health Care in developing, implementing, and studying the program.

(g) The office shall apply to the United States Department of Health and Human Services for any amendment to the state Medicaid plan or demonstration waiver that is needed to implement this SECTION. The corporation shall assist the office in requesting the amendment or demonstration waiver and, if the amendment or waiver is approved, establishing and implementing the amendment or waiver.

(h) The office may not implement the amendment or waiver until the office files an affidavit with the governor attesting that the amendment or waiver applied for under this SECTION is in effect. The office shall file the affidavit under this subsection not more than five (5) days after the office is notified that the amendment or waiver is approved.

(i) If the office receives approval for the amendment or waiver under this SECTION from the United States Department of Health and Human Services and the governor receives the affidavit filed under subsection (h), the office shall implement the amendment or waiver not more than sixty (60) days after the governor receives the affidavit.

(j) The office may adopt rules under IC 4-22-2 to implement this SECTION.

(k) This SECTION expires January 1, 2013.

SECTION 2. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "corporation" refers to the health and hospital corporation of Marion County.

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(b) As used in this SECTION, "insurer" includes the following:

(1) An insurer (as defined in IC 27-8-11-1).

(2) An administrator licensed under IC 27-1-25.

(3) A health maintenance organization (as defined in IC 27-13-1-19).

(4) A person that pays or administers claims on behalf of an insurer or a health maintenance organization.

(c) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(d) As used in this SECTION, "small employer" has the meaning set forth in IC 27-8-15-14.

(e) Before June 1, 2007, the office shall develop, with the corporation, a pilot project through which small employers that are unable to afford to offer health care coverage for employees of the small employers may obtain access to affordable health care coverage for the employees.

(f) The office shall apply to the United States Department of Health and Human Services for any applicable demonstration waiver to implement this SECTION. The corporation shall assist the office in requesting a demonstration waiver and, if the waiver is approved, establishing and implementing the waiver.

(g) The office may not implement the waiver until the office files an affidavit with the governor attesting that the waiver applied for under this SECTION is in effect. The office shall file the affidavit under this subsection not more than five (5) days after the office is notified that the waiver is approved.

(h) If the office receives approval for the waiver under this SECTION from the United States Department of Health and Human Services and the governor receives the affidavit filed under subsection (g), the office shall implement the waiver not more than sixty (60) days after the governor receives the affidavit.

(i) The office may adopt rules under IC 4-22-2 to implement this SECTION.

(j) If the pilot project results in the availability of health care coverage to small employer groups through the pilot project at a premium rate that is at least twenty percent (20%) less than a comparable health benefit plan available to small employer groups in Indiana, an insurer may not enter into or enforce an agreement with the corporation that contains a provision that:

(1) prohibits, or grants the insurer an option to prohibit, the corporation from contracting with another insurer to accept lower payment for health care services than the payment

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1 specified in the agreement;

2 (2) requires, or grants the insurer an option to require, the  
3 corporation to accept a lower payment from the insurer if the  
4 corporation agrees with another insurer to accept lower  
5 payment for health care services;

6 (3) requires, or grants the insurer an option to require,  
7 termination or renegotiation of the agreement if the  
8 corporation agrees with another insurer to accept lower  
9 payment for health care services; or

10 (4) requires the corporation to disclose the corporation's  
11 reimbursement rates under contracts with other insurers.

12 (k) This SECTION expires December 31, 2007.

13 SECTION 3. An emergency is declared for this act.

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